



Testimony of Jack Sours, Vice President and General Manager, Oxford Casino

In Opposition to

- **LD 1066** **An Act To Provide for the Licensing of a Casino Owned by the Maliseet Tribal Government on Tribal Lands in Aroostook County**
- **LD 620** **An Act To Allow Veterans' Organizations To Own and Operate Slot Machines**
- **LD 762** **An Act To Permit the Penobscot Nation To Operate Electronic High-stakes Bingo**
- **LD 1213** **An Act To Ensure Fair Competition by and between Maine's Commercial Tracks**
- **LD 1280** **An Act To Provide Income Tax Relief by Expanding Gaming Opportunities**
- **LD 1283** **An Act To Stimulate Economic Development and Create Jobs by Amending the Laws Governing Gaming**
- **LD 1357** **An Act To Implement the Findings of the WhiteSand Gaming Study**
- **LD 1346** **An Act To Establish a Comprehensive Gaming Policy**

Joint Standing Committee on Veterans and Legal Affairs

April 27, 2015

Senator Cyrway, Representative Luchini, and Members of the Joint Standing Committee on Veterans and Legal Affairs, my name is Jack Sours, and I am the Vice-President and General Manager of Oxford Casino in Oxford, Maine. I testify today in opposition to each of these bills that will expand gaming in the State of Maine.

Oxford Casino opened for business June 6, 2012 on an approximately 100 acre property on Route 26 in Oxford. Since then, the casino has already expanded twice, including a recent \$3.2 million investment, and now has 849 slot machines, 26 table games, the Oxford Grill (a 150-seat restaurant), and 2 full bars, with a 922 space parking area. Importantly, the casino employs over 430 Mainers – the vast majority with full benefits – bringing economic vitality to a region that sorely needs it. Attached to my testimony is a detailed description of the beneficiaries of the Oxford Casino, which extend both locally, regionally, and statewide.

I would like to highlight a few key points on why casino expansion is bad for Maine at this time.

1. Casino gaming is a successful economic engine for Oxford County and a relatively new industry in Maine.

Oxford Casino only opened its doors just under three years ago, and we have clearly seen the incredible economic benefits brought to the Town of Oxford, the region, and the state. A few facts worth noting:

- **Employees:** 400+



- **Estimated 2014 Payroll:** \$9.7 million in wages and \$2 million in benefits
- **Taxable property value:** \$36.7 million
- **Estimated 2014 ME vendor spending:** \$13 million
- **Gaming taxes paid:** Over \$33 million since January 2014.
- **Estimated sales, beverage and meal taxes paid :** \$172,000

Oxford County is slowly starting to rebound as a result of the economic foundation that the casino has provided to the region. A number of individuals from the Oxford County business community have travelled here today - a testament to the economic engine that our facility has become for the region. These personal anecdotes should provide context for the sea change that has occurred in the region: A new hotel across from the casino, a multi-use development project, planned new restaurants, a new sewer extending from town to the casino, and greater opportunities for existing businesses - all examples of a reversal of fortunes for a business community that was hands down one of the worst in Maine just a few years ago.

Casino expansion will put an end to this success. Let me repeat that. Expansion at this time will put an end to that success. Expanding gaming in Maine, like has occurred in other jurisdictions to the point of saturation, will hurt the existing facilities, cost jobs, and stagnate their development. If you choose to expand gaming at this time, you will kill this successful economic engine for Oxford County.

2. Gaming expansion will cannibalize the existing facilities and provide no benefit to the State of Maine.

While the promise of new casino revenues may sound tempting, the truth is quite different. The important word to remember in the gaming industry is cannibalization. In short, new casinos in Maine will merely move dollars from one casino to another with little or no benefit to the state. We see this happening throughout the country as the saturation point is reached quickly in expanding gaming markets.

I listened in last week as two consultants presented a study that sought to explain the gaming market in Maine. I found it interesting that these two individuals were comfortable speaking with such confidence about the behavior of casino visitors in Maine, as they never reached out to us to ask about our operation. At Oxford Casino, we don't have the luxury of speaking in generalities or relying on theoretical assumptions, so I provide you some numbers that explain where our customer base comes from.

Oxford is the southernmost town in Oxford County. We are 15 miles from the highway, and just a thirty-five minute drive from Portland. Oxford Casino is the Southern Maine casino. If you take a look at the attached chart, you can see exactly where our customers come from. 74 percent of our revenues are derived from customers that drive in from Androscoggin, York, or



Cumberland County, or from New Hampshire. This is information that we easily could have provided to the folks from White Sand Gaming, but they never communicated with us.

I know that you will hear chapter and verse about the study that was commissioned last year. I'd like to remind you all that we also commissioned a study from gaming market expert, Dr. Clyde Barrow of the University of Massachusetts-Dartmouth. Barrow examined the potential impact of a casino located in southern Maine and regional gaming expansion on the existing Maine gaming market. He found that such gaming expansion would dramatically reduce the gross gaming revenue of the existing facilities with little commensurate rise in total state gaming revenue and job creation. Specifically:

- The development of Massachusetts casino facilities, a likely New Hampshire casino, and a 2nd southern Maine casino would reduce the gross gaming revenue of the Oxford Casino by 52.3% (with a Maine facility alone reducing Oxford's gross revenue by 47%).
- The cumulative effect on Hollywood Casino would reduce its gross revenue by 29%.
- After the Massachusetts facilities come on line, an estimated 95.5% of a 2nd southern Maine casino's gross gaming revenue will be pure displacement and cannibalization of existing casino gaming revenues in Maine.

It is not chance that Barrow's numbers are entirely consistent with the cannibalization numbers developed by the Innovation Group (other casino industry markets experts) on behalf of the Casalnova Development Group, who are independently developing the property across from the casino. These numbers were provided to the Committee last week.

Thus, a 2nd southern Maine casino would produce almost no net new revenue or employment for the state. Instead, an additional southern Maine casino will simply take jobs and opportunity away from a rural, poor county where it is needed and transfer development to a wealthy, urban county.

3. Maine's existing casino market areas are working.

After a long period of study, Massachusetts determined that three casino zones are sufficient for its nearly 7 million people. In comparison, Maine has codified in law two regions separated by 100 mile market areas, which we believe are sufficient for our rural nature and only 1.3 million people. It is important that Maine continues to enforce these current 100 mile market areas, which have been supported twice in statewide referenda. Oxford Casino already serves the southern Maine market area as I stated earlier and is the "Southern Maine Casino," and Hollywood Casino already serves the Northern and Central Maine market area.

4. Our most immediate competition will come from Massachusetts and New Hampshire.



In order for Maine to best compete with the Massachusetts gaming facilities and the likely New Hampshire casino, the Oxford Casino needs stability in the Maine gaming market and predictability in the regulatory environment so we can continue to invest in our facility and bring even more economic development dollars and jobs to western and southern Maine.

5. Mainers do not want any more casinos but do want to approve of any efforts to expand gambling.

Finally, I want to emphasize that Mainers have recently demonstrated that they **do not want** an expansion of gambling, but **do want to retain** the ability to decide whether gaming is expanded in the State. On behalf of the Oxford Casino, Critical Insights conducted a poll over last fall regarding public opinion on gambling expansion. Namely, the citizens of Maine overwhelmingly:

1. Do not want any more casinos, and
2. Want to be able to make the decision regarding gambling expansion in a statewide vote.

I have attached for your review, the Summary Report of Findings from this poll. The following are critical takeaways from this poll:

- **81% of citizens** believe any future casino expansion should be decided through a **statewide vote** rather than by the Legislature alone.
- **60% of Maine voters** polled believe **Maine has enough**, or too many, casinos.
- **63%** would be less likely to support gaming expansion if it meant **job losses** at Maine's existing casinos.
- **85%** would prefer that state revenues from casinos continue to be used to **support education**, as with the Oxford Casino, rather than support the harness racing industry (only 4% favored the latter option).

Finally, this year's massive effort to expand gambling in Maine is coming on the tails of the recent solid defeat of efforts to expand to three more casinos in Maine both at the Legislature and on a statewide ballot.

Thank you for the opportunity to provide testimony in opposition to these bills.

###